

**TO: Chairman and Members**

**DATE: September 13, 2012**

**SUBJECT: AB 900 Phase II Jail Construction Financing  
Program Update**

**AGENDA ITEM: C**

**ACTION: X  
INFORMATION:**

**RESOURCE PERSON: Leslie Heller**

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**Summary:**

This agenda item requests the Board of State and Community Corrections (BSCC) approve the Monterey County Assembly Bill (AB) 900 Phase II amended application, and also approve counties reducing their matching funds contribution to the minimums established for this jail construction financing process.

**Background:**

The AB 900 Phase II Request for Applications for Construction or Expansion of County Jails was released by the Corrections Standards Authority (CSA) in October 2011. Subsequently, awards to counties for state lease-revenue bond financing for jail construction were issued by the CSA beginning in March 2012. There is a county matching funds contribution requirement for each project awarded under this program.

Monterey County – Amended Application

At the July 26, 2012 meeting of the BSCC, Monterey County was awarded the funds remaining in the medium county set-aside, providing the county with an award of \$36,295,000. The county had originally requested \$80,000,000 for their identified scope of work. At the July meeting the Board also allowed that Monterey County be able to reduce their scope of work, commensurate with the partial funding awarded. As part of this process, the County's revised scope/application would be reviewed by the AB 900 Phase II Executive Steering Committee (ESC) that had been convened, in part, to review each county's application and make a determination as to worthiness of funding.

Subsequent to the July 26 meeting, the County submitted an amended application for the amount of \$36,295,000, and identified a scope of work that appears commensurate with that level of funding. The amended application was reviewed by representatives of the ESC, and the revised project scope was determined worthy of funding. A recommendation is being forwarded by the ESC to the BSCC at this time to find Monterey County's amended application worthy of funding, thus allowing the County to move forward in the State's approval and oversight process, bringing this project to fruition, and receiving the State's funding assistance.

Reduction of Matching Funds

AB 94 (Chapter 23, Statutes of 2011) states that counties participating in this phase of funding shall contribute a minimum of ten percent of project costs. The law further allows that counties with a general population below 200,000 may petition the board for a reduction in matching contribution. The Request for Applications further detailed the requirements, stating that small counties (under

200,000) would be required to provide at least five percent matching contribution, and those petitioning for less than 10 percent shall indicate so on the application. The Request for Applications also stated that county contributions may be any combination of cash and/or in-kind matching funds. Some counties chose to provide a higher matching funds percentage, although there was no incentive in the evaluation process for doing so. Further speaking to the evaluative process, projects were not compared one to another, as AB 94 had essentially set a ranking order of counties, requiring that funding preference be given to counties based on the number of admissions from a county to state prison in the year 2010.

Since the awarding of funds began in March 2012, discussion has ensued with the awarded counties regarding their project budgets, including match dollar commitments. It is known at this time that at least one county finds their match commitment difficult to maintain (23 percent provided in the application submitted, when only five percent was required), and it is envisioned there may be more counties to follow in this same situation as the projects go through the planning stages and critical budget analysis.

Past practice has allowed, at times, that eligible counties can reduce their match commitment after award. This has only occurred when the integrity of an evaluative process is not threatened, in which case blanket match reductions have been granted by the CSA Board to all applicable counties. This has only been done within the legislated and policy minimums established by the Board. The BSCC is being asked to grant each affected county the ability to amend its budget to reflect the minimum matching contribution amount, as may be applicable. This does not affect the award amounts previously provided by the CSA or BSCC, nor each project's scope of work. This action would only allow for decreases in excess matching funds as may be appropriate and within legal and programmatic requirements.

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**Recommendation/Action Needed:**

Staff recommends that the BSCC:

1. Accept the Executive Steering Committee's recommendation to find Monterey County's AB 900 Phase II amended application worthy of funding; and
2. Approve that any eligible AB 900 Phase II county may reduce its matching fund contribution to the minimums established in the Request for Applications, and within the law, and without a change in project scope or award amount.